

The Graying Farm Sector

Legacy of Off-Farm Migration

Fred Gale

There have been concerns about the “graying” of the farming occupation ever since young men and women began leaving farming in large numbers in the 1940s and ‘50s. In a 1963 article, “Aging Farmers and Agricultural Policy,” in the *Journal of Farm Economics*, economist Marion Clawson wrote,

“Farmers in the United States are growing old, largely because men once fully committed to farming leave it reluctantly and slowly; but also because young men refuse to enter farming in past numbers as long as income prospects are so poor.”

(Clawson, p. 13)

In the early 1960s, the farm sector was in the midst of a dramatic release of labor to nonagricultural work and rapid consolidation of farms that began in the 1940s. Farm numbers fell by 50 percent in two decades—from over 6 million in 1940 to 3 million in 1964. As Clawson pointed out in the quote above, young persons at the begin-

The graying trend among U.S. farmers is not new, but it seems to have accelerated during the 1980s and ‘90s. Older farmers are leaving the sector at slower and slower rates. One fourth of U.S. farmers and half of farm landlords are at least 65 years old. Farmers and landlords aged 65 and older own a combined one-third of farm assets. Historical experience suggests that there will be a gradual turnover of farm assets as farm operators leave the sector at increasingly advanced ages.

ning of their careers found it much easier to leave farming (or not enter farming in the first place) than did older, experienced farmers. The result was an aging population of farmers.

Demographic analysis suggested that the age distribution of farmers would be skewed toward older ages until this large “bulge” of older farm operators gradually left the sector in the 1970s and ‘80s through retirement and death. However, as we look back now, four decades later, agricultural census statistics show that the “graying” trend in the farm sector actually accelerated during the 1980s and ‘90s.

The Trend Accelerated

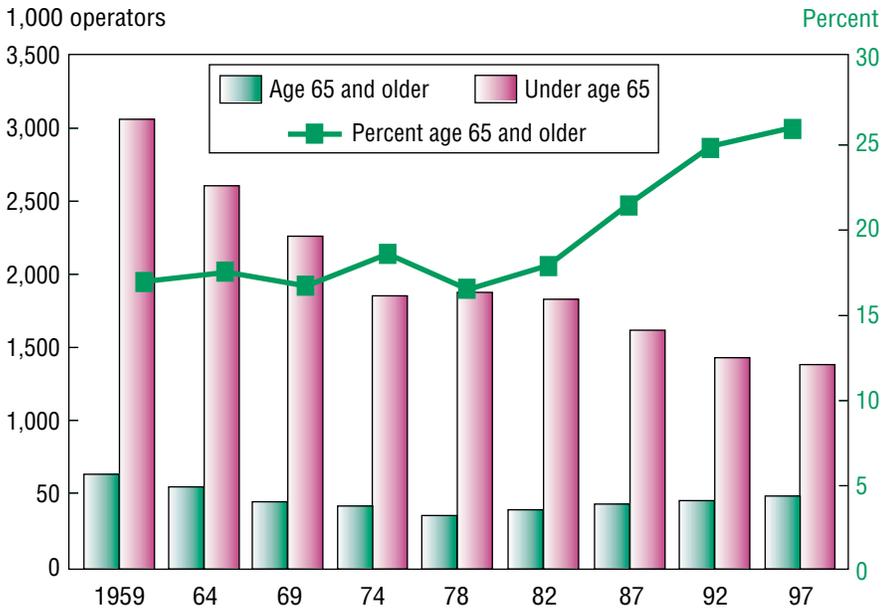
Figure 1 shows that the share of principal farm operators who were ages 65 and older was relatively stable at about 16 percent from 1959 through 1978, as both older and younger operators decreased in number. After 1978, the percent of farm operators aged

65 and older rose steadily until it reached 26 percent in 1997. Thus, over one-fourth of U.S. farm operators were at least 65 years old—beyond conventional retirement ages. By comparison, about 3 percent of the U.S. labor force falls in this age group.

The rising share of older farmers is due to an absolute increase in their numbers as well as a steady decrease in the number of farmers under age 65. The number of 65-and-older farm operators reached its lowest point at 370,000 in 1978 and rose to 500,000 in 1997. Between 1978 and 1997, the number of operators under age 65 fell from 1.9 million to 1.4 million. From 1978 to 1997, the total number of U.S. farms fell by a modest 15 percent, much slower than in earlier decades. That modest decline conceals a 34-percent increase in the number of farm operators age 65 and older that partly offset a 25-percent decline in the number of farm operators under age 65.

Fred Gale is a senior economist in the Market and Trade Economics Division, Economic Research Service, USDA.

Figure 1
U.S. farm operators by age group and share age 65 and older, 1959-97
The share of operators age 65 and older has risen steadily since 1978



Source: Census of Agriculture.

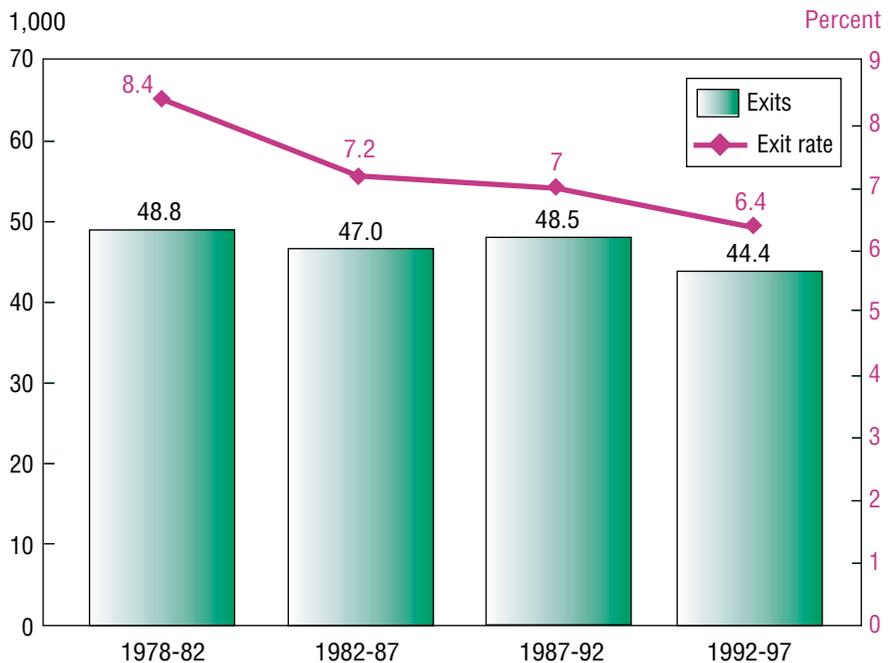
Improved health and longevity may have reduced the exit rate of older farmers by allowing individuals to continue operating a farm at advanced ages that may have precluded strenuous farm work in earlier generations. Farming may also be an increasingly popular part-time retirement activity for persons who have retired from either full-time farming or from a nonfarm occupation. Gale estimated that about 25,000 operators in the 65-and-older age group entered farming each year from 1978 to 1992.

The growing population of older farmers may in part reflect the weakening of “family farm” institutions, including life-cycle patterns of farmland acquisition and disposal and intergenerational transfer of farm assets. Farm families have a strong tradition of transferring farm businesses from parent

Falling Exit Rates

The aging trend seems to be mostly due to older farmers leaving farming at a slower rate than in the past. Gale’s (1996) historical estimates of net exit rates by older farm operators showed a plunge in exit rates after 1978. Gale estimated that 49 percent of farm operators aged 55 and older in 1982 had withdrawn from farming by 1992. Similar estimates for earlier decades (1954-78) found much higher withdrawal rates of 68 percent. Another study by Gale (2003) showed that a steady stream of about 48,000 farm operators aged 65 or older exited farming each year from 1978 to 1992, with a slight dip to 44,000 per year during 1992-97 (fig. 2). However, the rate at which older farm operators exited fell from 8.4 percent per year during 1978-82 to 6.4 percent during 1992-97.

Figure 2
Estimated farm exits and exit rate by operators age 65 and older, 1978-97
The exit rate for older farm operators has fallen



Source: Estimated by Gale (2003) from Census of Agriculture data.



Photo courtesy USDA, OC/Photography Center.

to child. For example, Laband and Lentz, in a 1983 study, found that children of farmers were 30 times more likely than the average worker to follow their parents' occupational or business choice.

More recently, the traditional pattern of intergenerational transfer of family-operated farm operations from parent to child has reportedly become less common as fewer farm children choose farm careers. Gale (2003) estimated that the annual number of new farm entrants under age 35 declined from 39,300 during 1978-82 to 15,500 during 1992-97. There are anecdotal reports of older farmers who have no adult children interested in taking over their farm operation. Aging farmers who have no heir interested in taking over their farm may continue farming at advanced age, or rent/sell their farm land, buildings, equipment, and livestock to others.

Concentration of Farm Assets

One of the results of the breakdown of intergenerational transfer of farms is a concentration of farm assets in the hands of elderly farm operators and landlords. Analysis of USDA's 1999 Agricultural Economics and Land Ownership Survey (AELOS) shows that farm operators and landlords aged 65 and older owned a combined one-third of the value of farm assets (fig. 3). The AELOS data show that one-fourth of farm operators (542,000) and half of farm landlords (1.15 million) were aged 65 or older in 1999. Operators aged 65 and older owned farm assets worth \$280 billion (18 percent of the total) and landlords aged 65 and older owned farm assets valued at \$256 billion (16 percent of the total). Thus, for operators and landlords combined, the share of farm assets owned by persons aged 65 and older was 34 percent in 1999. A similar analysis of earlier AELOS

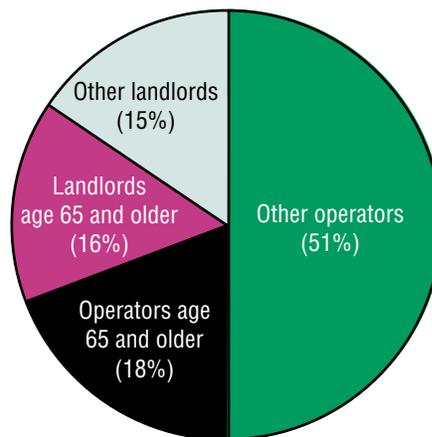
data shows that the share of assets owned by persons aged 65 and older was just 17 percent in 1988.

The farmer aging trend is seen in quite a different light today as compared with the 1960s. In the 1960s, poverty of aging farmers was a concern, but today average farm household income (over \$64,000 in 1999 according to USDA/ERS statistics from the Agricultural Resource Management Survey) equals or exceeds the average for nonfarm households. Older farmers have lower average incomes (\$40,000 in 1999) than other farmers, reflecting their partially retired status and smaller farm size. However, older farmers have considerable wealth. Analysis of the 1999 AELOS data indicates that the average value of assets owned by operators aged 65 and older was over \$500,000, and the average for landlords aged 65 and older was over \$200,000.

Mass Retirements?

When presented with statistics depicting the "graying" of the farm sector, many have jumped to the conclusion that major changes due to mass retirements of farmers are in the offing. However, mass retirements have never occurred in the four decades since aging of farmers was first raised as an issue. Instead, older farmers seem to have foiled the predictions of social scientists by continuing to farm at ever-increasing ages and quitting at slower and slower rates. For example, Gale (1996) predicted a decrease in farm numbers of 225,000 between 1992 and 1997, but farm numbers actually decreased by less than 15,000 over that period, in part because older farmers exited at a much slower rate than in previous years.

Figure 3
Value of farm assets, 1999
Operators and landlords age 65 and older own a combined 34 percent of farm assets



Source: USDA Agricultural Economics and Land Ownership Survey, 1999.

It is interesting to note that today's 65-year-old farmers would have been 25 years old in the early 1960s when Clawson wrote about aging farmers. They would have been just beginning their careers when off-farm migration was near its peak. Many of these men and women chose farming when most of their neighbors were leaving for nonfarm careers. Thus, they have a strong commitment to farming. Their low exit rates suggest that

Clawson's statement (quoted above), "...men once fully committed to farming leave it reluctantly and slowly" still holds true.

The number of older farmers may stabilize as the falling exit rate is tempered by declining size of successive cohorts of farmers entering the 65-and-older age group. Note that the number of operators age 60-64 was 248,000 in 1987 and just 205,000 in 1997. There will be gradual turnover in

the assets of older farmers through bequests, sales, and rentals. Their land and other assets will be rented or purchased by other farmers and agricultural businesses or be absorbed by residential and commercial development. Rising farm asset values in recent years suggest that there is plenty of demand for those assets when they become available. ^{RA}

For Further Reading . . .

David Banker, and Robert Hoppe, "The Aging of Farm Operators and Participation of Beginning Producers in Farming," USDA/ERS Briefing Room, <http://www.ers.usda.gov/briefing/FarmStructure/aging.htm>.

Calvin Beale, "Bureau of Labor Statistics Data Provide More Complete Count of Young Farmers," *Rural Conditions and Trends*, Vol. 10, No. 2, 2000, pp. 39-42.

Marion Clawson, "Aging Farmers and Agricultural Policy," *Journal of Farm Economics*, Vol. 45, No. 1, February 1963, pp. 13-30.

H. Frederick Gale, "Age Cohort Analysis of the 20th Century Decline in U.S. Farm Numbers," *Journal of Rural Studies*, Vol. 12, No. 1, 1996, pp. 15-25.

_____, "Age-Specific Patterns of Exit and Entry in U.S. Farming: 1978-97," *Review of Agricultural Economics*, forthcoming, 2003.

Robert Hoppe, "Retired Farm Operators: Who Are They?" *Rural Development Perspectives*, Vol. 11, No. 2, 1996, pp. 28-35.

David N. Laband, and Bernard F. Lentz, "Occupational Inheritance in Agriculture," *American Journal of Agricultural Economics*, Vol. 65, May 1963, pp. 311-314.

U.S. Department of Agriculture, 1997 *Census of Agriculture*, March 1999, <http://www.nass.usda.gov/census/>

_____, Agricultural Economics and Land Ownership Survey (1999), <http://www.nass.usda.gov/census/census97/aelos/aelos.htm>